

DEPARTMENT OF VETERANS AFFAIRS

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May 31, 2011

Honorable Mark Leno, Chair
Joint Legislative Budget Committee
State Capitol
Sacramento, CA 95814

RE: THE PATHWAY HOME

This letter is submitted to meet the requirements of the Budget Act of 2010, Chapter 712, Statutes of 2010, Item 8955-102-0001, Provision 3.

If you have any questions or need additional information, please call Joy Hempstead, Assistant Deputy Secretary, Financial Services Division at (916) 653-2194.

Sincerely,

(Copy of original available upon request)

PETER J. GRAVETT
Major General (Retired)
Secretary

Attachment

cc: On Following Page

Honorable Mark Leno, Chair

May 31, 2011

Page Two

cc: Honorable Michael Rubio, Chair, Senate Budget Subcommittee No. 4
Honorable Joan Buchanan, Chair, Assembly Budget Subcommittee No. 4
Honorable Lou Correa, Chair, Senate Veterans Affairs Committee
Honorable Paul Cook, Chair, Assembly Veterans Affairs Committee
Mr. Gregory Schmidt, Secretary of the Senate
Mr. E. Dotson Wilson, Chief Clerk of the Assembly
Ms. Kris Kuzmich, Consultant, Senate Committee on Budget and Fiscal Review
Mr. Joe Stephenshaw, Consultant, Assembly Budget Committee
Mr. Donald Wilson, Consultant, Senate Veterans Affairs Committee
Ms. Lizette Mata, Legislative Assistant, Assembly Veterans Affairs Committee
Ms. Diane F. Boyer-Vine, Legislative Counsel Bureau
Mr. Shawn Martin, Legislative Analyst's Office
Mr. John Fitzpatrick, Principal Program Budget Analyst, Department of Finance
Mr. Willem Schaafsma, Associate Finance Analyst, Department of Finance
Mr. Jack Kirwan, Deputy Secretary for Administration
Ms. Robin Umberg, Deputy Secretary for Veterans Homes
Mr. JP Tremblay, Deputy Secretary for Communications and Legislation
Ms. Joy Hempstead, Assistant Deputy Secretary, Financial Services Division
Ms. Patty Ingram, Budget Officer

The Pathway Home Report to the Legislature

The Pathway Home provided the Department with an extensive report on its fundraising and programmatic efforts. The following details of the fund raising activities and donations that have occurred to date and are planned for the future to sustain the operations of The Pathway Home through calendar year 2013 are pertinent to the information requested in the provisional language:

“I. OVERVIEW OF STRATEGIC DEVELOPMENT PLAN

A Strategic Development Plan was written; the goal of the plan was to provide a road map to build a Development Department and boldly implement new fundraising initiatives to achieve revenue targets. Since beginning its efforts in November 2009, The Pathway Home has devised a plan which it believes will raise approximately \$1.2 million by December 31, 2011 by executing on all “critical” strategies outlined in this plan.

The work done in the calendar year ending December 31, 2010 laid much of the foundation for The Pathway Home to leverage in subsequent years, positioning the organization to achieve exponential growth—as much as \$6.2 million by Year 3 of this plan. To achieve these goals, The Pathway Home launched several key fundraising initiatives in order to diversify and multiply its sources of contributed income.

The Pathway Home Gross Revenue Projections: 2011-2013

<i>Fundraising Sectors</i>	<i>Ending 12/31/11</i>	<i>Ending 12/31/12</i>	<i>Ending 12/31/13</i>
<i>A. Governance Giving</i>	<i>\$26,000</i>	<i>\$44,500</i>	<i>\$73,500</i>
<i>B. Foundation Giving</i>	<i>\$750,000</i>	<i>\$2,200,000</i>	<i>\$3,800,000</i>
<i>C. Corporate Fundraising</i>	<i>\$130,000</i>	<i>\$350,000</i>	<i>\$965,000</i>
<i>D. Major Gifts</i>	<i>\$45,000</i>	<i>\$130,000</i>	<i>\$395,000</i>
<i>Individual Giving</i>	<i>\$80,000</i>	<i>\$145,000</i>	<i>\$375,000</i>
<i>E. Fundraising Events</i>	<i>\$225,000</i>	<i>\$350,000</i>	<i>\$655,000</i>
<i>Gross Revenue</i>	<i>\$1,256,000</i>	<i>\$3,219,500</i>	<i>\$6,263,500</i>

The Pathway Home believes these goals are attainable, despite a number of steep hurdles that existed prior to launching our development efforts, including a lack of:

- Development Department and Personnel*
- Fundraising Board of Directors*
- Database of Donors*
- Communications Materials*
- Program Guidelines and Metrics*

II. PLAN IMPLEMENTATION

Realizing that funding would run out by approximately June 2010, the organization needed to raise at least \$125,000 per month to keep the organizational operational. Therefore the focus was on individual donations (generally perceived as the “fastest” source of funds) and fundraising events.

At the same time, we began laying the groundwork for longer-term funding strategies. Of the 16 fundraising strategies deemed “critical” in the plan, we were able to initiate eight within the first few months of plan implementation.

“Critical” Fundraising Initiatives: 2010-2011

	Priority	Section	Strategy	Initiated
1	<i>Critical</i>	<i>Governance</i>	<i>National Advisory Council</i>	<i>no</i>
2	<i>Critical</i>	<i>Governance</i>	<i>Napa Valley Advisory Council</i>	<i>yes</i>
3	<i>Critical</i>	<i>Foundations</i>	<i>Targeted Prospecting</i>	<i>no</i>
4	<i>Critical</i>	<i>Foundations</i>	<i>Diligent Submission Process</i>	<i>no</i>
5	<i>Critical</i>	<i>Foundations</i>	<i>Registering with Intermediaries</i>	<i>no</i>
6	<i>Critical</i>	<i>Corporate</i>	<i>Diversified Prospecting</i>	<i>yes</i>
7	<i>Critical</i>	<i>Corporate</i>	<i>Simplified Sponsorships</i>	<i>yes</i>
		<i>Individual</i>		
8	<i>Critical</i>	<i>Giving</i>	<i>Quarterly Newsletter Mailing</i>	<i>no</i>
		<i>Individual</i>	<i>Saturday Salutes (now Third Thursday</i>	
9	<i>Critical</i>	<i>Giving</i>	<i>BBQ)</i>	<i>yes</i>
10	<i>Critical</i>	<i>Events</i>	<i>Rotary Ride for Veterans</i>	<i>yes</i>
11	<i>Critical</i>	<i>Events</i>	<i>Pathway Graduation Ceremonies</i>	<i>yes</i>
12	<i>Critical</i>	<i>Communications</i>	<i>Organizational Communications</i>	<i>yes</i>
13	<i>Critical</i>	<i>Communications</i>	<i>Web Marketing</i>	<i>yes</i>
		<i>Human</i>		
14	<i>Critical</i>	<i>Resources</i>	<i>Part-time Grant Writer</i>	<i>no</i>
		<i>Human</i>		
15	<i>Critical</i>	<i>Resources</i>	<i>AmeriCorps Volunteers</i>	<i>no</i>
		<i>Human</i>		
16	<i>Critical</i>	<i>Resources</i>	<i>Investing in Information Systems</i>	<i>no</i>

Each Pathway Home fundraising section will be reviewed below, with a succinct overview of the campaign objective, an evaluation of the success of the campaign to date, and a look at how to continue to improve campaign performance moving forward.

A. Governance: Napa Valley Advisory Council Formation

Campaign Synopsis: *Launched the Napa Valley Advisory Council. More than 25 potential members were interviewed and two were selected as the initial members. These 2 members were then charged with filling out the AC, creating a founding team of 7 local influencers including representation from the media, vintners, local political arena, and business communities.*

Campaign Success: We challenged the AC to make a personal donation of \$500, raising \$2,350 from the individuals residing on the Council. The real value of the Council is in the local connections that each individual is bringing to the table, from placements in the Yountville Sun to local business donations for raffles and other prizes and building participation in upcoming events.

B. Foundation Outreach: Mixed Response to Efforts

Campaign Synopsis: Unfortunately, we have not had success with the two foundation grants that we've applied for:

- **Auction Napa Valley** - Requested \$450,000 for a First Responders & Community Training Program. We did not receive this grant despite 5 letters of recommendation from the Head of the Napa Valley Police, Sheriff's Office, NV Red Cross, Veteran's Affairs Officer, and President of the Napa Valley Community College. The Pathway Home plans to revise (based on feedback from the review committee) its proposal and re-submit its proposal by the June 1, 2011 deadline.
- **Napa Valley Collaboration** - Requested \$5,500 for a direct marketing campaign to build our database of supporters. We are inquiring about why we were not awarded this funding.

However, a number of new RFPs have been issued of which The Pathway Home is actively working with program officers and reviewing committees to present options and gain input for the submission of a favorable reviewed grant. These include but are not limited to:

- Napa County Health and Human Services Department Master Settlement Fund, specifically targeting the First Responders & Community Training Program. The Pathway Home would work with Napa Valley Police and Sheriff Departments on a training police and other emergency crew on methods of addressing and de-escalating emergency or crisis situations involving not only Pathway participants, but Napa Valley veterans and others in stress situations. Competitive Grant process with \$847,000 in available funding. Average award is \$60,000. Letter of Intent due date: February 24, 2011.
- MetLife Foundation Community-Police Partnership Awards Program (same as above). Grant Awards are \$25,000. Due date: March 15, 2011.
- Fund for a Just Society (Unitarian Universalist Association of Congregations), general operating support request of \$10,000 due on March 15, 2011.
- Rotary International Foundation, District Simplified Grant for general operating support at \$25,000 is due on March 31, 2011.
- Kaiser Permanente specifically targeting nutritious meals programs for participants struggling with obesity as a result of injury or medications. Grant Awards this cycle are up to \$20,000. Due Date: April 1, 2011.
The Pathway Home has identified \$95,000 in potential general operating support grants of which are:
- Disabled American Veterans Charitable Service Trust grant request for general operating support at \$40,000 due on April 20, 2011.
- California Community Foundation general operating support grant in the amount of

\$10,000 due on April 22, 2011.

- *May and Stanley Smith Charitable Trust letter of intent for general operating support in the amount of \$25,000 due June 1, 2011.*
- *Peter A and Vernice H. Gasser Foundation letter of intent for general operating support in the amount of \$20,000 due on September 1, 2011.*

Campaign Success: *We have more success working with family foundations and the local community foundations, including:*

- ***Winiarski Family Foundation:*** *The Winiarskis donated \$50,000 to The Pathway Home, and then issued a \$50,000 challenge in matching funds, which was received this fall. We raised the \$50,000 in matching funds through our June 29 House Party and graduation appeal, so this campaign brought in \$150,000 for the organization.*
- ***Tug McGraw Foundation:*** *The TMF has been a huge support for The Pathway Home, not only donating \$10,000 to the Winisarksi challenge grant, but also providing the funds to pay for our PR support and the making of our promotional video. We were also one of the beneficiaries of the Tim McGraw concert on November 13 at Lincoln Theater. We were notified on February 4, 2011 that we would be the recipient of \$30,000 in proceeds from the event. We are awaiting funding distribution details. In addition, they have provided introductions to numerous institutional donors.*
- ***Napa Valley Community Foundation – Donor Advised Fund (DAF) Donations*** - *After working to cultivate this relationship through meetings with both the President and our Program Officer, they donated \$9,500 from 3 of their foundation's donor-advised funds. We continue to have a strong relationship with their team.*

Campaign's Next Steps: *Based on our success with family foundation and the local community foundation, we will continue to cultivate these relationships and ask for introductions to other local funders.*

C. Corporate: New Sponsorship Campaign

Campaign Synopsis: *To date, The Pathway Home has had no corporate support, so we are looking at launching a new campaign during March 2011.*

Campaign Success: *We have received good initial response from our corporate outreach efforts. Primarily, we are looking to establish long-term relationships with a number of companies that could provide the organization with fee-based income and reimbursements, including:*

- ***Tri-West Care:*** *We are seeking to amend their contract language to include mental health services and thereby enabling this military insurance company to cover the medical needs of all active duty military in our program.*
- ***Veterans Affairs Reimbursement:*** *Likewise, we are talking with the VA system to reimburse the healthcare provided to these new veterans receiving treatment at The Pathway Home. This is a longer-term effort that we hope will pay off in 2011.*
- ***Rotary Relationship:*** *To date, the three Napa Rotary Clubs are the backbone of our development, providing vital support throughout the years. Leveraging this relationship is a priority for the organization. We anticipate their total contribution to the agency at least \$75,000 per year to the organization by reimbursing all program expenses.*
- ***Defense Contractors:*** *We have had just a few initial conversations with Northrop*

Grumman and are looking to establish contact at Lockheed to provide corporate support.

Campaign's Next Steps: *We hope to use the upcoming Day Golf Tournament as a way to introduce ourselves to local corporate donors. Our initial response has been positive and we should be on track to bring in \$100,000 in corporate funding within a 9-month timeframe. The largest components of this targeted approach are to Northrop Grumman, Travis Credit Union, Doctors Company and TJX Companies (corporate umbrella for T.J. Maxx, Marshalls and HomeGoods).*

D. Individual Giving: New Individual and Major Donor Campaigns & Cultivation

Campaign Synopsis: *In the last 3 months, we've been able to build a database of 133 donors. We are continuing to add to this number as we launch new outreach efforts and are becoming more adept at tracking our donors.*

Campaign Success: *One of our core individual initiatives is the Third Thursday BBQs held at The Pathway Home. This monthly gathering provides prospective donors the opportunity to meet our soldiers, Pathway staff, and see the facilities. We have had a good initial response with high-level donors in attendance and the opportunity the monthly event provides to reach out to our contacts.*

To date, we've hosted 3 BBQs:

- | | |
|---------------------|--|
| • November 18, 2010 | <i>Individual Contributions: \$28,000</i> |
| • December 16, 2010 | <i>Individual Contributions: \$27,000</i> |
| • January 20, 2011 | <i>Individual Contributions: \$3,200</i> |
| • February 17, 2010 | <i>Individual Contributions: \$100 (processed to date)</i> |

Campaign's Next Steps: *We have 1 new online campaign in the works:*

- ***Donor Acquisition:*** *The Pathway Home is examining the potential benefits of soliciting all Napa Valley area veterans. With a potential donor pool of 11,000 veterans from all branches of service, the agency is exploring means of electronic cultivation and solicitation. Vertical Response seems to be a likely candidate to reach this database at a negligible cost. We would reintroduce the September 2010 Smithsonian article as a means of sharing our story with a new audience. We hope to generate a 1% response rate equaling 110 new donors at an average of \$50 per gift for a total of \$5,500.*

E. Events: Tapping Fundraising Initiatives

Campaign Synopsis: *We had a number of opportunities that were presented to us and many more than we've created over the last few months.*

Campaign Success: *We've also launched a number of new events to reach prospective donors:*

- ***Graduation + House Party:*** *This one day push netted the organization more than \$46,000 in donations and pledges. It was the first time the organization made a fundraising pitch at graduation and the first time it had raised money at a house party. A subsequent event is planned for March 22, 2011.*
- ***Rods on the Range:*** *Organized by volunteers and raising over \$2,500, plus revenue from*

gear sales and raffle ticket sales. They plan to make this an annual event.

- **White Barn Event:** *Estimated to raise \$2,500, the event secured over \$4,000 in contributions. (No ticket price, organizer is asking for donations only.) This is an important introduction to the St. Helena community for us. A second event is being hosted by the volunteers on March 5-6, 2011. The volunteer committee has set a \$4,000 goal for this event.*
- **Hammond House Party & Private Viewing:** *Room for 40, and raising \$50,000. This event will showcase a film preview that was shot at The Pathway Home and will be submitted to the Cannes Film Festival in 2011.*

Campaign Next Steps: *Three additional activities are planned with the intent of generating awareness and exposure as well as generating revenue:*

- **April 2011 Rotary Ride:** *The Pathway Home will benefit from proceeds of this bike-a-thon hosted on our behalf by local rotary clubs. Proceeds are estimated to be \$10,000.*
- **2nd Annual HALL Cabernet Cook-off:** *The Pathway Home will benefit from proceeds of this community chef and vineyard pairing. Hosted by HALL Vineyards, proceeds from this event are expected to be \$12,500.*
- **Memorial Day 2011 Golf Tournament:** *Moving forward after good initial response from corporate sponsors. Goal is the net at least \$100,000.*

Campaign's Next Steps: *We have marked success with our initial outreach and making concerted pitches at events. We've also identified a number of smaller events where The Pathway Home is the beneficiary and needs to do very little work, but gains good visibility. The Memorial Day Golf event we hope to make an annual, namesake event for the organization.*

F. Communications: New Donor Materials

Campaign Synopsis: *The Pathway Home had only 1 brochure and the web site to communicate with donors. We created new marketing communications materials including:*

- | | | |
|---|-----------------|-------------------|
| • <i>List of Top 10 Things to Know about The Pathway Home</i> | Created: | <i>05/17/2010</i> |
| • <i>Pathway Home: FAQs</i> | Created: | <i>06/18/2010</i> |
| • <i>Pathway Home Testimonials</i> | Created: | <i>07/27/2010</i> |
| • <i>2-page Organizational Overview</i> | Created: | <i>10/20/2010</i> |

Campaign Success: *In addition to traditional marketing communications, we were able to produce 2 video pieces:*

- **6-minute Pathway Home Graduation Video:** *This piece was compiled from footage of previous graduation ceremonies. It is currently being edited for inclusion on the Pathway Home web site.*
- **Series of 6-8 Video Vignettes:** *This piece, based on interviews of Pathway program participants and their families, staff, and community supporters, was created specifically to help with our social marketing outreach.*

Campaign's Next Steps: *Now that we have some good informational materials, we are starting to do a concerted outreach to national press, leveraging the expertise of the PR firm Ritz Communications. We are also focusing on our social media outreach, including a new Facebook page and updates to our web site. These improvements will continue as resources*

allow.

G. Donor Stewardship / Database Development

Campaign Synopsis: *The Pathway Home doesn't have any donor database infrastructure. We've begun to compile donor information in excel spreadsheet form that can be uploaded into Salesforce donor database system - (designed for nonprofit organizations).*

Campaign Success: *We've begun to better steward our donors, and now send out a thank you letter from The Pathway Home acknowledging the gift and cultivating these relationships (this augments the Tides official donor acknowledgement that goes out). Fred Gusman signs every letter over \$50 personally and writes personal notes on all donations over \$100. In addition, the Director of Development calls all donors giving more than \$500.*

Campaign's Next Steps: *We had, in part, been waiting for administrative support to better systemize our efforts. On January 10, 2011 we reached an agreement with the Tug McGraw Foundation to share an administrative assistant (two days per week). Although we have good stewardship practices in place, a focus of this position will be to continue to focus on cultivating donor relationships and maintaining a direct line of informational communication.*

H. Government

Campaign Synopsis: *The Pathway Home has not previously researched or applied for a number of potential funding sources.*

Campaign Next Steps: *Executive Director, Fred Gusman, has scheduled an appointment with Jaye Vanderhurst, Mental Health Director, County of Napa to ascertain whether additional funds may be allocated to The Pathway Home before the end of the fiscal year. This appointment is on March 8, 2011. While materialization of such funds seems unlikely, it is important to initiate these conversations and drive relationships.*

Additional research has lead us to discover that the agency is eligible to submit a Local Independent Organization application to the Local Federal Coordinating Committee for participation in the Office of Personnel Management's 2011 Combined Federal Campaign. This application is due and will be submitted on March 1, 2011.

Further we have learned of and remain appraised of the status of potential funding sources for treatment of homeless veterans through the Veterans Administration, grants for the residential treatment for traumatic brain injury related to war injury. Federal Legislation S 1963, Sections 507 and 509 particularly support this matter and we will remain appraised of application procedures via Federal Grants registry."